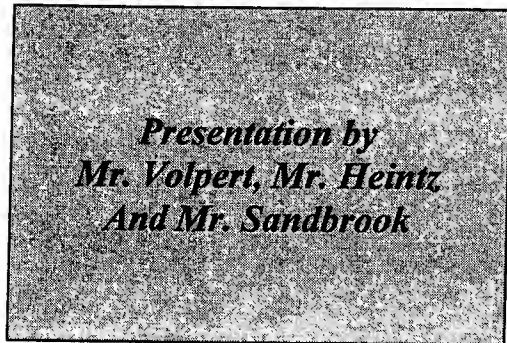


OFFICERS DAVID ISRAEL PRESIDENT DON KNABE VICE PRESIDENT JOHN SANDBROOK INTERIM GENERAL MANAGER		SITE OF 1932 AND 1984 OLYMPICS ATHLETICS COMPETITION OPENING & CLOSING CEREMONIES		SITE OF 1984 OLYMPICS BOXING COMPETITION	STATE OF CALIFORNIA DAVID ISRAEL RICK CARUSO WILLIAM CHADWICK FABIAN R. WESSON ALTERNATE	COUNTY OF LOS ANGELES DON KNABE MARK RIDLEY-THOMAS ZEV YAROSLAVSKY MICHAEL D. ANTONOVICH ALTERNATE	CITY OF LOS ANGELES BERNARD C. PARKS BARRY A. SANDERS JOHNATHAN WILLIAMS TOM LEBONGE JILL WERNER ALTERNATES
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YEAR:	2012
MEETING:	January 11
SESSION:	CLOSED

ITEM 1-X

TITLE:

UPDATE ON REAL PROPERTY NEGOTIATIONS / USC-COLISEUM COMMISSION LEASE

SUMMARY:

At its special meeting of December 21, 2011, the Commission reviewed the Term Sheet for the USC-Coliseum negotiations that was initially presented on December 7. At the December 21 meeting, interim General Manager John Sandbrook also: (a) reviewed the supplemental financial data book that had been distributed on December 20 to the Commission; and (b) provided an update of the meeting in Sacramento on December 16 with Secretary Anna Caballero (State and Consumer Services Agency) and Ms. Irene Romero (Science Center/Exposition Park Board of Directors).

At the conclusion of the December 21 special meeting, the Commission released a statement that it had endorsed the Term Sheet, with certain modifications, and requested legal counsel to proceed with preparation of a formal lease agreement for presentation to the public and consideration by the Commission in early 2012, subject to certain modifications.

Requests were also made for:

- (1) Additional information on the number of public benefit, non-profit events held at the Coliseum in recent years;
- (2) Additional financial analysis to be prepared by the interim General Manager, focusing on the financial projections for the Commission should the lease agreement not be approved; and
- (3) Separate, independent review, to be arranged by outside legal counsel, of the financial projections prepared by the interim General Manager.

Subsequent to the December 21 special meeting, Commission President David Israel and Vice President Don Knabe met on January 3 with senior USC leadership (Todd Dickey, Tom Sayles and Kristina Raspe). Commissioner Israel and Commissioner Knabe updated the USC leadership group regarding the Commission's discussion of December 21 and disclosed the various legal matters facing the Coliseum Commission.

**A. Revised Term Sheet / Distribution to the Public
Status of Preparation of Lease Agreement
Conditional Discussions with USC re Transition to April 1, 2012 Effective Date**

As a result of the January 3 meeting, a revised Term Sheet has been prepared, dated January 6, 2012. This document is included and is the GREEN document following this agenda item.

It is now proposed that this document be distributed to the public following the Commission meeting of January 11, along with a joint statement from the Commission and USC. A copy of the proposed statement will be distributed at the meeting of January 11.

Mr. Volpert and Mr. Heintz of the firm of Munger, Tolles and Olson will review with the Commission the changes that were made in the Term Sheet, as a result of the comments from the Commission on December 21 and the discussions of January 3 with USC. Mr. Volpert and Mr. Heintz will also update the Commission as to the expected schedule for the finalization of the lease agreement document, working with legal counsel for USC (Bingham McCutchen).

It is recommended that the Commission discuss at the January 11 meeting the likely schedule for consideration of the lease agreement by the Commission at a future meeting – either the regular meeting already scheduled for February 1 or a special meeting to be scheduled for another date in February.

The presumption of the modified lease agreement continues to be that the effective date would be April 1, 2012. If the Commission desires, interim General Manager Sandbrook can provide a verbal update as to the efforts already underway, on a conditional basis, with USC to address transitional issues for human resources, financial administration and general operating matters.

B. Coliseum Event Calendar – Last Three Years

The Coliseum Event Calendar for 2009-2010-2011 is included as the YELLOW document following the Term Sheet. The events, with approximate/announced attendance statistics, are separated into the three categories of: (i) USC events; (ii) civic/non-profit events; and (iii) commercial events.

C. Financial Analysis – Coliseum Commission Projections

To supplement the USC-related financial projections for 2012-2054 that were provided to the Commission on December 20, interim General Manager Sandbrook has prepared an additional spreadsheet to explain the magnitude of the structural operating deficit immediately facing the Coliseum Commission, including its ability, beginning in Spring 2012, to meet its obligations of \$1.75 million per year to: (i) the State of California; and (b) the leasing company for the financing of the digital videoboard authorized by the Commission in November 2010.

This spreadsheet for the Ten-Year Proforma is included in the BLUE document following the Term Sheet. Also included are the data table and the chart regarding the past Ten-Year Actual Results that were included in the "Economic Considerations" chapter of the supplemental booklet distributed to the Commission on December 20.

The revised Cash Flow monthly projections – consolidated for the Coliseum Commission and the Coliseum Association, Inc -- for the remainder of the 2011-2012 fiscal year are also included following the one-page BLUE spreadsheet. Because of the relationship of the cash flow projections to the timing and substance of the negotiations with USC, the cash flow projections are being presented in this Closed Session agenda item.

The monthly financial results for October 2011 and November 2011 are being presented as Agenda Item # 2 in Open Session.

D. Financial Analysis – Independent Review

Mr. Volpert will update the Commission as to his efforts to obtain an independent review of the financial projections prepared by the interim General Manager

E. State of California Discussions

On January 5, Ms. Romero informed interim General Manager Sandbrook that she and Secretary Caballero had talked earlier that day. Secretary Caballero confirmed to Ms. Romero that Secretary Caballero and Governor Brown have discussed the Exposition Park lease issues and that Governor Brown has directed State Director of Finance Ana Matosantos to have members of the Department of Finance (DOF) review the material that Mr. Sandbrook presented to Secretary Caballeros on December 16. (DOF representatives had not attended the December 16 meeting due to their work on the final preparation of the Governor's proposed 2012-2013 State budget which was also announced on January 5).

Ms. Romero indicated that Secretary Caballero anticipates that, once the DOF review is completed and a list of questions about the proposed modifications to the USC-Coliseum lease has been prepared, she would request a second meeting in Sacramento that would involve Ms. Romero, interim General Manager Sandbrook and USC leadership.

Ms. Romero will also have separate discussions with USC leadership regarding the university's request to: (i) effect a USC-State lease for the operation of the parking lots in Exposition Park, effective in 2012-2013; and (ii) effect an additional 50-year commitment from the State for the lease of the Coliseum and Sports Arena properties to USC beyond 2054 (i.e., until 2104). Mr. Volpert and Mr. Heintz will discuss how the proposed USC-Coliseum lease is addressing these matters, since the university has indicated that the long-term acceptance by USC of the modifications to the USC-Coliseum lease is contingent upon successful achievement of both (i) and (ii).

F. Sports Arena Redevelopment

USC Senior Vice President Todd Dickey reported to Commissioners Israel and Knabe at the January 3 meeting that he expected to renew soon the discussions with representatives of the Office of the Commissioner of Major League Soccer, Inc. regarding the possible redevelopment of the Sports Arena property that would be included in the proposed modifications to the USC-Coliseum lease.

Commissioner Israel will report to the Commission any updates he has received from Mr. Dickey regarding the USC-MLS discussions.

G. City Department of Recreation and Parks

Interim General Manager Sandbrook will provide a verbal update as to the progress of discussions with the Director of the EXPO Center/City Department of Recreation and Parks regarding the respective issues of: (i) the EXPO Center's historical use of the ~175 parking stalls in the portion of Exposition Parking Lot # 1 that is owned by the Coliseum Commission; and (ii) the use by the Coliseum Commission of the 16 parking stalls under the control of the EXPO Center (across from Coliseum Gate 11) for USC events and other special events at the Coliseum.

H. Correspondence from Law Firm of Procopio, Cory, Hargeaves & Savitch LLP of San Diego, CA

Commission legal counsel (Donovan Main) will provide a verbal update to the Commission at its meeting of January 11 as to the status of the response being prepared to the correspondence dated December 20, 2011 and January 3, 2012 that has been received from the law firm of Procopio, Cory, Hargeaves & Savitch LLP (San Diego, CA) -- on behalf of its client U.S. Capital LLC -- regarding the process being used by the Commission for the USC-Coliseum negotiations. Copies of the two letters are provided with this agenda item. (The December 20 letter was distributed at the special Commission meeting of December 21.)

Two separate requests for documents were also received in late December from the same firm under the California Public Records Act. These requests are being handled by Commission legal manager, together with the Coliseum/Sports Arena staff, according to regular procedures.